Vol. 22, May 31, 1971

FOREIGN AGRICULTURE

May 31, 1971

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Mexico's Restraints on Winter Produce Exports—Have They Worked?

USSR To Boost Sunflowerseed Output

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. IX • No. 22 • May 31, 1971

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This week's cover:

The sunflowerseed—subject of Soviet concern. Alarmed by decreasing production in recent years, the USSR is planning a production push. Output is expected to increase almost 1 million tons a year by 1975. See story page 4.

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Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

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Mexico's Restraints on 1970-71 Winter Fruits an The United States Ha

By WILLIAM L. RODMAN
U.S. Agricultural Attaché
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During Mexico's past season for exports of winter fruits and vegetables (November–May 1970–71), producers attempted voluntary restraints on both output and shipments of major trade items (tomatoes and strawberries) to the United States. Recent increases of Mexican fruit and vegetable exports to the north had been at a runaway pace. Mexico's growers realized the probability of having U.S. import legislation applied that would be more restrictive than, for example, size limitations on fresh tomatoes, if shipments continued to flood into the United States.

The acceleration of exports of fresh tomatoes, fresh strawberries, and frozen strawberries had been particularly rapid. The Mexican share of the U.S. fresh tomato winter market increased from 40 percent in 1968–69 to 70 percent in 1969–70. Shipments of fresh strawberries raced from 387,000 pounds in 1960–61 to 48.3 million in 1969–70. Exports of frozen strawberries leapt from 68 million pounds in 1967–68 to almost 130 million in 1969–70.

How successful were the systems of voluntary restraints used this year by Mexican produce growers and shippers, and how did the systems operate? The latter question is the easier to answer.

To control tomatoes, the National Union of Vegetable Producers sought and obtained, in October 1970, permission from Mexico's Secretary of Agriculture and Livestock to regulate both tomato production and exports. A maximum export volume was set after consultation between the Secretary, the Union, and shippers. The Union, in turn, allotted acreages and water volumes to its members on the basis of producers' past exports. In addition, the Union producers could only export after obtaining a permit from the Secretary of Agriculture and Livestock through the Union.

Other regulations to prevent random exports of tomatoes were that shipments were authorized only through the border cities of Nogales, Tijuana, Ciudad Reynosa, Ojinaga, and Nuevo Laredo; that all exports had to be accompanied by certificates of origin and bills of lading; and that only tomatoes above certain sizes and qualities could be offered, depending upon market prices. The Union alone set the last stipulation.

Restraint systems for fresh and frozen strawberry exports had patterns similar to that for fresh tomatoes. For frozen strawberries, the first push toward self-regulation came in February of the 1969–70 winter export season when the Exec-

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utive Committee, representing the Mexican Frozen Strawberry Packers and Growers Association, established minimum export prices. Later, just before the 1970–71 export season, the Committee met again and reaffirmed price floors. They further agreed to an export target limitation of 70 million pounds exclusive of retail packs and individually quick-frozen berries. Each packer was assigned a quota for shipments of bulk-pack, sugar-added berries, and a minimum quality was agreed upon.

The results of voluntary restraints in shipments of fresh tomatoes and frozen strawberries seem almost opposite at first glance. Mexico's exports of tomatoes to the United States during the 1970–71 winter season declined about 15 percent compared with 1969–70, and prices on the U.S. market remained firm. In contrast, sales in the United States of frozen strawberries became a shambles with a sharp price drop at the beginning of the season, dumping of carryover stocks on the market, and loss of attention to quality control.

The decline in fresh tomato shipments from Mexico to the United States, however, was probably due as much to weather as to grower restraint. While there was some reduction in area planted to tomatoes before the 1970–71 winter season, early frost in the chief growing areas cut yields sharply. Further, the restraint rules set up by the National Union of Vegetable Producers and the Secretary of Agriculture and Livestock were not always followed. For example, offgrade, undersized tomatoes intended for sale on the Mexican domestic market were sometimes disposed of by non-Union growers and brokers in the United States by shipment through unauthorized border cities.

The biggest threat, however, of flooding the U.S. market for winter tomatoes in the next few years is the possible development of Campeche and Yucatán as winter vegetable growing areas. In addition, drip irrigation, which can utilize water of high salinity, is also being experimented with in Mexico. Results in Israel's irrigated desert areas prove drip irrigation can considerably increase yields in comparison to those obtained with ditch and spray irrigation.

While the tomato voluntary restraint program seemed to succeed because of lowered supplies owing to unusually cold weather, the frozen strawberry restraints foundered chiefly because of oversupply.

When restraint decisions were reached by the Mexican Frozen Strawberry Packers and Growers Association, 1970–71 acreage had already been planted far in excess of needs, and nobody reduced plantings. Early forecasts for Mexico's frozen strawberry export pack were about 140 million pounds. The market in the United States not supplied by domestic production is about 80 million pounds a year.

To add to Mexican shippers' apprehensions, about 38 million pounds of Mexican frozen strawberries already existed as carryover from the previous year. Much of this was being held in customs bond in warehouses in the United States and was not included in Mexico's frozen strawberry voluntary restraint target.

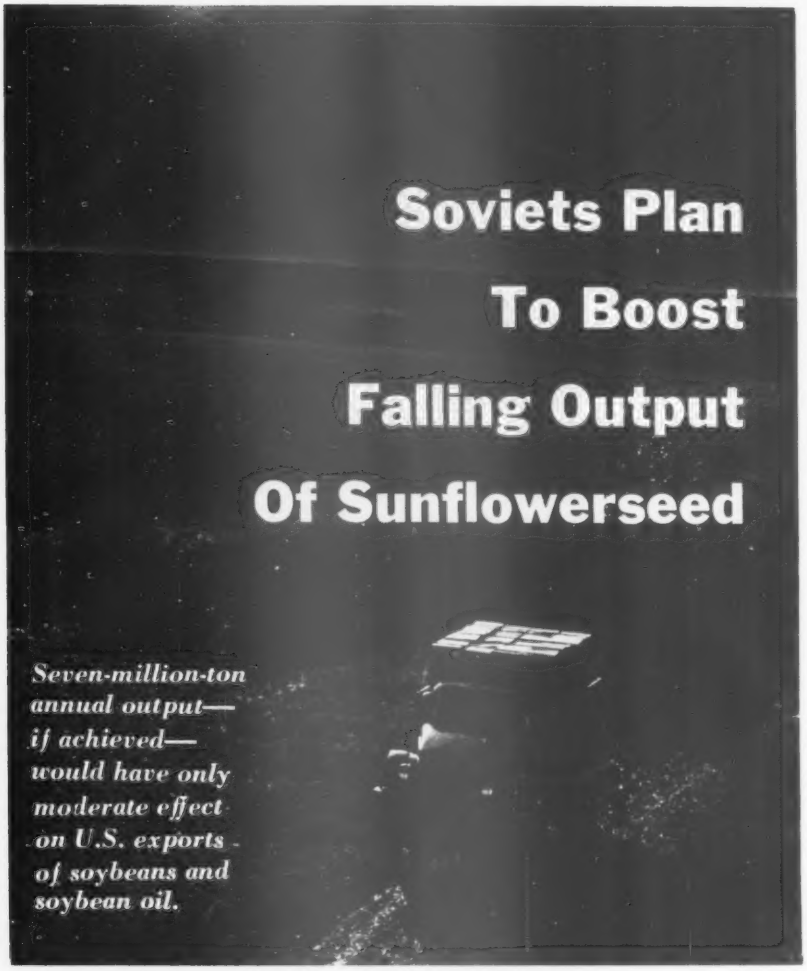
Women pick ripe strawberries in Mexico. Most are sold to the United States—some in fresh form, some individually quick frozen, but the majority mass-frozen with sugar into bulk packs used by bakers and confectioners. (Photo: Inter-American Bank.)

These early forecasts of huge new supplies plus the existing carryover created a scare market, and brokers began selling at low prices—especially berries already in the United States.

As it turned out, Mexico's export supplies of frozen strawberries were only about half of early forecasts. The major producing zone received four heavy frosts and had plant disease and insect problems—all of which cut crop output. Also, when prices dropped sharply in December 1970, most growers stopped using fertilizer and sprays to cut expenses.

All in all, the effectiveness of Mexico's export control procedures for tomatoes and strawberries was not truly tested during the 1970–71 season because of distortions from normal production trends. However, it is hoped that as experience is gained, market stability can be established.

Soviets Plan To Boost Falling Output Of Sunflowerseed



Seven-million-ton annual output—if achieved—would have only moderate effect on U.S. exports of soybeans and soybean oil.

By ROGER S. EULER
U.S. Agricultural Attaché
Moscow

In the face of declining sunflowerseed production and exports and decreasing oil content of the seeds, the Soviet Union plans to raise annual sunflowerseed output 927,000 tons by 1975.

If successful, the plan could rebuild the Soviet sunflowerseed position in world production and trade. However, since the indicated 1971-75 increases in exports of sunflower products would be notably smaller than those during the 1966-70 period, any additional competition for U.S. soybeans and soybean oil from Soviet sunflowerseed oil would be only moderate.

Sunflowerseed oil was the USSR's third most important agricultural export from 1967 through 1969, in terms of published ruble value. In 1969, exports of both sunflowerseed and sunflower oil turned downward after spectacular growth through 1968. In 1970, exports of both these commodities dropped considerably more. Currently, little or no recovery is expected in 1971 for sunflowerseed shipments—at least until seed is available from the new crop next fall—but a small increase in sunflowerseed oil exports would not be surprising.

For 1969, the most recent Soviet data available show that sunflowerseed went to Japan and Eastern and Western Europe. The five leading seed importers, in descending order, were Japan, East Germany, Hungary, Czechoslovakia, and Italy. U.S. soybeans and soybean oil have competed with USSR sunflowerseed mainly in Japan and Italy. Up through 1966, nearly all Soviet shipments of seed had gone to East Germany and Czechoslovakia.

Sunflowerseed oil was more widely distributed, with East Germany, West Germany, Cuba, Iran, Austria, U.A.R., and Czechoslovakia the major buyers.

Despite the 9.2-percent production decline in the past 2 years, Soviet sunflower development to date in general has been remarkable, perhaps representing the biggest success of USSR agriculture. Except for severe setbacks from unfavorable weather in 1963 and 1965, production rose steadily from 1961 to a peak in 1968, partly as a result of increased plantings.

Total area was expanded each year from 1961 through 1966 and approximated 11.9 million acres during the 1967-70 period. However, average yield, highest in 1967 and little changed in 1968, slid downward in each of the last 2 years, reducing gross sunflowerseed output in 1970 to a little more than 6 million tons. (*Pravda's* first announcement, Feb. 4, 1971, was 6.1 million tons, a figure still used by the Ministry of Food Industry.)

Along with the lower yields from the 1969 and 1970 crops, oil content reportedly also decreased from the peak of 1968. Since much of the sunflowerseed processed in calendar 1969 must have been from the 1968 crop, the beginning of this decline in oil content probably began with the seed grown in 1968. This must be of concern to the Soviets because each percent of oil in the crop represents about 60,000 metric tons of oil.

Some Soviets say unfavorable weather was solely responsible for the downturn in oil content. However, information about the main sunflower areas does not indicate a consistent pattern of poor weather.

The main sunflower areas are in South European USSR. About 93 percent of the area planted to sunflowers is in the Russian Federation (largely in the North Caucasus and the Volga region) and the Ukraine (mainly in the Don-Dnepr region). The rest is in Moldavia, South Kazakhstan, and the Transcaucasus (Georgia and Azerbaydzhan). These regions, of course, can best provide the sunshine, warmth, soils, and moisture that sunflowers need. Average yields vary considerably from year to year and from one region to another. Ironically, planted area has been decreasing in the Ukraine and Moldavia, where yields are highest.

Plantings of sunflowers grown strictly for silage usually are made later than those intended for seed. Naturally some plantings for seed near the northern edge of the sunflower area may be made

almost too late for maturation. These plantings probably are not included in published sunflower area figures if shortage of growing time forces harvesting for silage rather than seed.

Government agencies buy much of the sunfiowerseed grown and export some in seed form. Most of the remainder is processed by food industry facilities into oil and other products to be used in industry, for meeting urban needs, and in the export trade.

The percentage of the total gross output of sunflowerseed bought by Government agencies has varied considerably from year to year and equaled the 1966 record high in 1970. This fluctuation in State purchases is puzzling, the 1969 drop especially so, since Government agencies could well have used more seed and seed products domestically and for export.

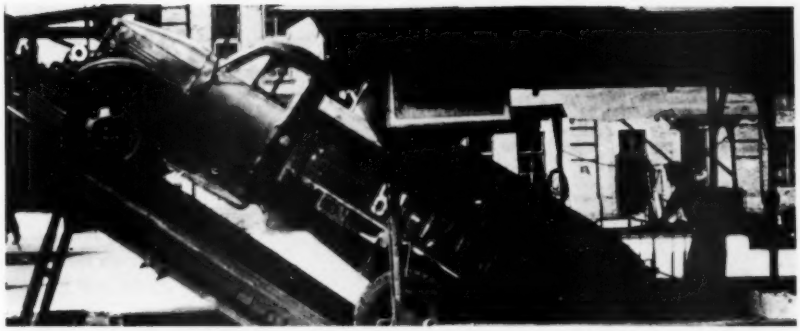
The amount of sunflowerseed left in farmers' hands also has varied greatly and apparently is not related to the food industry's processing capacity or to the quantity retained locally, where 10-15 percent of all oilseeds processed are still handled.

Although no figures on sunflowerseed oil consumption are available, average per capita consumption of all edible vegetable oils in 1969 reportedly was 14.6 pounds, still below the 1965 peak of 15.6 pounds. During the 1966-68 period, consumption went from 13.9 to 14.3 pounds.

In addition to being the main Soviet cooking oil, sunflowerseed oil is used in salads and in other food preparation. Ordinary sunflowerseed oil is usually sold in bulk, with consumers furnishing the containers. The price in Moscow is equivalent to $.83[1] per pound compared with $1.23 per pound for bulk olive oil. Two bottled types of sunflowerseed oil are $1 per pound and $1.04 per pound. When available, bottled cottonseed oil sells for $1.08 per pound.

The only revelation so far about 1971-75 plans for supplying consumers with sunflowerseed and other vegetable oils was a statement by Agricultural Minister Matskevich that such consumption will reach the optimum level during the next 5 years if plans are fulfilled.

Although the amount of this rise has not been specified, an increase in supplies of about 1 percent per year probably will be needed just to stay even with population growth. Presumably some increase in average per capita consumption also will be permitted.



Above, truck unloads sunflowerseed in a bin designated for seed with 12-percent moisture content; left, Soviet sunflowerseed field in bloom.

To meet domestic and export demand for sunflowerseed and oil, the USSR has set a 1975 gross production goal of 7-million metric tons of seed.

This quantity was first mentioned, with only a vague time reference, in late 1968. Subsequently, the Government announced a 1975 State purchasing goal of 5.9 million metric tons, which in terms of 1965-69 Government buying, indicated an intended 1975 gross output of sunflowerseed of about 8.1 million metric tons. However, it now is clear that officials want State agencies to buy a significantly higher percentage of total output than in the past. The 1975 State purchasing goal represents 84 percent of planned gross production, compared with the previous high of 76 percent in 1966 and 1970.

The Soviets have not yet revealed whether new price incentives are to be used for this buying, but this is a possibility. Perhaps the system whereby State agencies pay a 50-percent price premium to farmers for above-plan grain sales, which last year was extended to many livestock products, will be extended further to cover sunflowerseed.

Reaching the 1975 goal will require a 10-percent increase from the 1966-70 average annual output, or 15 percent more than that reported for 1970.

The impression given by the Soviet press is that the increased production is to come from a more or less unchanged area of about 11.9 million acres. The Soviets will attempt to raise the slipping average yield to about 1,300 pounds per acre by 1975 and increase oil content as well.

These efforts are to be based on use of better seed and more fertilizer, machinery, and equipment, as well as better use of such inputs. Sunflower varieties producing seed with a 53- to 54-percent oil content, compared with an estimated 48- to 50-percent during the past few years, are expected to be made available for growing. The best variety grown so far reportedly had a 52-percent oil content. For the more distant future, scientists at the Oilseed Research Institute in Krasnodar reportedly are continuing to work on varieties that may have oil content of 55-57 and 58-60 percent.

The 1971-75 increases—and the further advances planned—should be realized without much difficulty, if the promised inputs are made available. But since the production increase being sought is considerably smaller than that obtained during the 1966-70 period, new ground gained in exporting also is likely to be relatively less than during the past 5 years, unless there is significant overfulfillment of the new goal.

Also, because of a sharply rising need for sunflowerseed cake—currently the main source of protein supplement used in feeding expanding livestock numbers—one would expect 1971-75 exports of sunflowerseed to be limited. Seed cake may not be exported at all.

Increasing domestic needs also may tend to moderate the rise in sunflowerseed oil exports. Of course, this will be related to animal fat consumption. Soviets consume considerable animal fat, and much more will be available if the ambitious 1971-75 livestock plans are successful.

[1] Officially 1 ruble=$1.11. However, the ruble often is worth only 35 to 40 cents when traded in Western Europe.

INTERNATIONAL FINANCING ORGANIZATIONS:

How they help trade

From 1960 through 1970 U.S. commercial agricultural exports grew by nearly $230 million a year. In 1970 they were $6.1 billion, over 15 percent of total U.S. commercial exports. This large, prosperous, and growing market depends upon many factors, but two that are absolutely essential are a stable system of international payments and economic growth of Free World nations.

To help establish and maintain these conditions for all of world trade in which the farm products both of developed and of developing countries have a sizable share, a number of international organizations have been created. The United States is a member of the major ones:

International Monetary Fund (IMF); International Bank for Reconstruction and Development (World Bank or IBRD), and its two affiliates, International Development Association (IDA) and International Finance Corporation (IFC); Inter-American Development Bank (IDB); and Asian Development Bank (ADB). All of these organizations have their headquarters in Washington, D.C., except the Asian Development Bank, which is based in Manila, the Philippines.

In this and subsequent articles the authors will explore the various ways in which these international organizations help to increase the flow of world agricultural trade.

Part I:

The International Monetary Fund

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The International Monetary Fund began operating in 1946 to promote international monetary cooperation. The IMF provides machinery for consultation and collaboration on international monetary problems; helps facilitate the expansion and balanced growth of international trade; and promotes exchange stability.

The IMF is comprised of 117 member nations and its funds are raised by a quota subscription levied on each member as it joins—75 percent is paid in local currency and 25 percent in gold.

Loans, usually in convertible currencies, are made by the IMF to its members in order to preserve a stable world monetary system. In contrast, loans made by other international financial institutions, such as the World Bank and the Inter-American Development Bank, are earmarked for specific agricultural and other projects.

The world monetary system can become unstable when a major trading nation or a group of nations suffers a serious balance-of-payments deficit or surplus. (The latter is the crux of the current world monetary crisis.)

These situations occur when a country has either a deficit or a surplus of foreign exchange. A country can have a deficit when its imports greatly exceed its exports, its debt burden is too great, or there is a sudden and extensive withdrawal of capital for some reason.

On the other hand, a country can have a surplus when its exports greatly exceed its imports, or when a large volume of funds is drawn into a country because of its relatively high interest rates. Money that quickly follows changes in interest rates is often referred to as "hot money."

Although balance-of-payments surpluses have recently dominated the headlines, historically deficits have been the primary concern of international monetary authorities.

It appears that the practice of permitting a currency to "float" (that is, to let the forces of supply and demand determine the value of a currency) has become the means of correcting serious balance-of-payment surpluses. At least this has been the case for Canada, Germany, and the Netherlands.

To correct a balance-of-payments deficit, a nation might take one or more financial measures that would seriously impede world trade. It might devalue its currency; that is, increase the ratio between its currency and that of foreign nations. This would increase the price of imports and decrease the price of exports.

Another nation might follow suit, however, and by its actions partly or entirely nullify the efforts of the first nation. A chain reaction might follow whereby many nations would start devaluing their currencies. During this time there would be uncertainty as to the value of one currency in relation to

another. This of course would discourage international trade.

After many nations had devalued, the nation that had first devalued would find that its prices in the international market were, relative to other nations, no lower than before. This assumes that all devaluations were of equal magnitude. If other nations devalued by a greater amount, then the first nation to devalue would actually be worse off than before devaluation. In either case, it might try again to improve its price position by a second devaluation, thereby activating another chain reaction. Obviously an intolerable situation can be created by using uncoordinated devaluations as an adjustment procedure.

Another measure that could be used by a nation to correct its payments position is exchange controls that limit the amount of foreign currency an importer can obtain from his bank to pay for imports. Some countries employ import surcharges, advance import deposits, and similar devices aimed at increasing the cost of imports.

Also, under a multiple exchange rate system, a country can set varying rates of exchange between its own currency and that of foreign nations. The rate depends upon the type of imports, and makes some—chiefly luxury items—more expensive than others. While there is no evidence that this practice greatly hinders agricultural trade directly, it can impede world trade in general.

Devaluations still occur today and restrictive trade practices are on the increase. However, rather than expanding these obstacles to world trade, nations are encouraged to borrow convertible currencies from the IMF.

Convertible currencies are those that may be exchanged for the currencies of other countries without restrictions. With these currencies on hand a country can begin introducing into its economy procedures that will correct basic balance-of-payments problems but at the same time minimize import restrictions that hamper trade.

From 1947 to December 31, 1970, over $21.9 billion in convertible currencies had been drawn by 75 of the 117 member nations (see table), many of them large importers of U.S. farm products. Without the help of the IMF their economies and their demand for foreign goods would have been weaker.

To assist with these problems every year the IMF holds consultations with a number of countries. During these consultations a particular country's monetary and fiscal policies are reviewed and recommendations are offered where necessary.

The IMF helps to stabilize the world monetary system in a number of other ways. It has a research staff that studies and issues reports on pressing problems in the monetary field.

The Fund also provides substantial technical assistance, largely to developing countries. This activity involves advice on the formulation and the execution of appropriate fiscal, monetary, exchange, and general stabilization policies; institutional reforms in fiscal and banking systems; and improvements in statistical and balance-of-payments reporting and analysis.

Experts in fiscal and monetary management from outside the Fund serve in a variety of advisory and technical positions and also in executive positions in central banks.

And most importantly, the IMF provides a forum for discussing world monetary problems so that nations can work in unison rather than at cross-purposes. Two problems discussed within the framework of the IMF in the past few years are the growing shortage of international liquidity and the question of the appropriate handling of newly mined gold after the two-tier system of marketing gold was instituted in March 1968.

The first problem was resolved by the creation of Special Drawing Rights (SDR's or paper gold). It was decided to issue $9.5 billion of these new forms of international money over a 3-year period. The IMF is responsible for administering the rules governing the allocation and use of SDR's.

As to newly mined gold, it was decided—after extensive discussions among officials of the United States, South Africa, certain other countries, and the IMF—that the Fund would buy gold from South Africa under certain limited conditions. The resolution to these problems has had considerable influence in stabilizing the world monetary system.

Currencies Lent by the International Monetary Fund, 1947-70

Calendar year	Total	U.S. dollars	Deutsche marks	Italian lira	French francs	Canadian dollars	Pounds sterling	Other
	Mil. U.S. dollars	*Mil. U.S. dollars*	*Mil. U.S. dollars*	*Mil. U.S. dollars*	*Mil. U.S. dollars*	*Mil. U.S. dollars*	*Mil. U.S. dollars*	*Mil. U.S. dollars*
TOTAL	21,904.1	7,900.7	3,784.0	1,856.4	1,454.0	1,567.3	1,027.9	4,313.8 [1]
1970	1,735.2	588.8	393.8	70.3	—	156.1	43.2	483.0
1969	2,871.2	1,341.1	311.0	197.0	—	293.5	4.0	724.6
1968	3,552.4	806.2	841.0	478.0	82.5	138.5	—	1,206.2
1967	834.7	113.6	89.8	46.0	82.0	30.0	247.2	226.1
1966	1,448.2	115.8	239.5	311.8	77.0	459.8	82.4	118.9
1965	2,433.5	282.2	418.1	473.8	376.8	290.5	29.0	563.1
1964	1,949.8	281.9	718.1	31.3	356.8	99.0	7.3	455.4
1963	333.2	193.7	37.5	28.0	20.0	—	5.0	49.0
1962	583.8	109.5	115.6	5.0	97.0	—	199.2	57.5
1961	2,478.5	822.0	503.6	215.2	344.5	85.0	113.1	395.1
1960	279.8	148.5	40.2	—	5.0	—	67.8	18.3
1947-1959	3,403.8	3,054.3	75.9	—	12.5	15.0	229.7	16.4

[1] Including the following 17 currencies: Austrian schillings, Belgian francs, Danish kroner, Netherlands guilders, Norwegian kroner, Swedish kronor, Japanese yen, Finnish markkaa, Irish pounds, Spanish pesetas, Australian dollars, South African rand, Argentine pesos, Brazilian cruzeiros, Mexican pesos, Venezuelan bolivars, and Malaysian dollars. Note: Detail may not add to totals due to rounding. Source: International Monetary Fund.

Danish Farm Exports Face Marketing Problems

By HARLAN J. DIRKS
U.S. Agricultural Attaché
Copenhagen

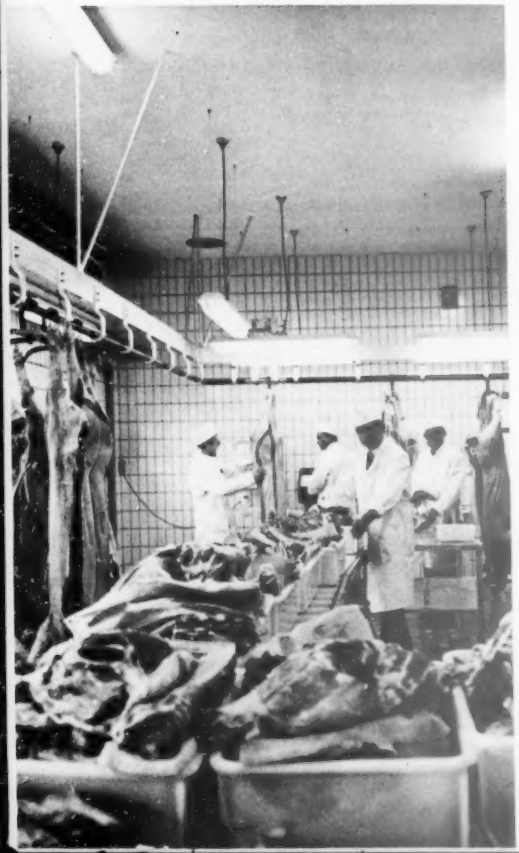
At the very time when Denmark is attempting to maintain a sound agricultural base in preparation for entry into the European Community, problems are developing for its exports to major markets. The most serious development is in the United Kingdom market where increased production has caused prices of some farm commodities to plummet in recent months.

In the EC market, new problems are also developing as higher Community guide prices result in additional variable levies and more difficult market access. The final result could mean a further decline in the Danish agricultural export sector as well as a setback in Denmark's already critical balance of payments position.

Although the circumstances on the British market have improved considerably in recent weeks, Danish officials contend the situation is still serious. The Danes claim the British subsidy program for bacon and import policies for butter and eggs are a breach of at least two bilateral trade agreements negotiated under the European Free Trade Association.

Denmark's major concern is the British bacon subsidy encouraging increased bacon production. The Danes claim the subsidy paid to British bacon curers is shifting more pigmeat into bacon than would be the case otherwise. Although the British have agreed to reduce their curers' subsidy, the Danes doubt it will be sufficient to stabilize the market. However, bacon prices have been improving since the announcement was made.

Danish pork carcass evaluation.



Danish hog producers also fear that the recent price increase granted British producers will set off a new wave of hog production. Under the proposed British price agreement, hog prices will increase by 85 cents to $35.15 per 100 pounds in the coming year. The average producer price for Danish A-1 bacon hogs in 1970 was $33.88 per 100 pounds. This price will be lower in 1971. The price of Danish Wiltshire bacon sides on the U.K. market has slid from $936 per long ton in September-October, 1970, to $696 per long ton in recent weeks.

Another challenge to Danish bacon is a new bacon product from Northern Ireland launched in the U.K. market on April 26. The director of the Ulster Bacon Company has claimed the Irish bacon is comparable in quality to that from Denmark's A-1 bacon hog.

The U.K. butter market, where prices have long been well below the costs of production, is also a source of great concern in Denmark. To alleviate the situation, Denmark proposed a reduction in the total butter quota. However, the quota was cut by only 5,000 long tons to 420,000 tons, while the Danish share was cut by 10,500 tons to 83,000 tons.

Due to a shortage of butter on the world markets in recent weeks, prices in the United Kingdom have shot up so sharply that the British have decided to lift all quota restrictions to the end of June in order to encourage imports from new suppliers. The Danes objected to this action, as they would like to have seen further price increases.

Denmark claims the British are pursuing a deliberate "cheap" butter policy because their own production goes largely into fluid milk.

Another unfavorable development for Danish exporters is the recent U.K. increase in its minimum import price for eggs. When domestic egg prices fall below the minimum import price, imports are completely stopped, and even the previous minimum price resulted in a complete halt of Danish egg exports to the United Kingdom for several months last year. The results of the new minimum import price will depend largely on U.K. domestic production.

Denmark's problems in the United Kingdom come at a time when the recent EC decision to increase guide prices for agricultural products is posing new difficulties in that market. The greatest concern at the moment is beef exports, where the new guide prices have triggered higher levies on beef.

The price increase probably will raise levies on cheese exports to West Germany and could later result in levies on veal exports to Italy. Higher grain prices could lead to higher levies on pigmeat and poultry, since feedgrain prices are the basis for calculating levies on these products.

The EC Commission had previously placed a supplementary levy on Danish pigmeat sales to the Common Market. Although the supplementary levy has been reduced slightly, it virtually has brought pigmeat sales to the Community to a standstill.

These problems emphasize the fact that Denmark is finding it increasingly difficult to be outside the European Community. Although the Danes are expected to make a major attempt to alleviate the crises in their export markets, they will carry formidable burdens for some months to come.

By THEODORE HOROSCHAK
Fruit and Vegetable Division
Foreign Agricultural Service

Almond growers in Spain.

U.S. still No. 1 exporter

Italian and Spanish Almond Exports Rise Gradually

ALMOND exports from Italy and Spain have increased in recent years, but only gradually. Partly responsible for the small size of the increases is rising domestic consumption, which claims much of Spain's production increases and a growing share of Italy's stabilizing output.

In contrast, the United States, previously the third largest exporter, surged into first place in 1969 in the wake of a bumper domestic crop and severely damaged harvests in the Mediterranean Basin, particularly in Italy. From an average of 35,300 short tons (shelled basis) during the 1961–65 period, U.S. production rose to a record 64,200 tons in 1969. And annual harvests of 100,000 tons are expected by 1975 as new acreage begins bearing.

Traditionally the top almond exporter, Italy is now in second place, and Spain is in third. Alhough Italian production and trade have since recovered, the new positions continue to hold as a result of further rapid growth in the U.S. crop and continued market development efforts by the American trade.

Italian almond production in the past tended to be cyclical, with large year-to-year fluctuations. Recently, though, output seems to have stabilized in the upper levels of the production range, despite a slow decline in almond acreage over the past decade. Commercial harvests averaged 38,800 short tons (shelled basis) from 1966 through 1970, compared with 29,400 during 1956–60.

Almond exports from Italy, like almond production, have increased slightly over the past decade. However, future gains are unlikely until the Italians can produce a uniform product at a reasonable price—a problem caused by the numerous varieties of Italian almonds and rising production costs. Nurserymen and private growers have attempted to solve this problem by importing improved foreign varieties, but the Italian Government has yet to permit their entry.

Also serving to hinder Italy's exports has been a rise in domestic consumption. Use of almonds—traditionally important in confections and baked goods—is expanding. In addition, a small market is developing for consumer packs of salted and processed almonds, which are appearing in candy and variety shops.

The Italian almond trade is nonetheless attempting to maintain its competitive export position by emphasizing three advantages it feels it has over competitors in the United States: The distinctive flavor of almonds grown in the Mediterranean Basin; the ability to make rapid delivery to any point in Europe; and Italy's exemption from the customs duties levied by other European Community countries.

EC purchases of Italian almonds have been increasing while purchases by other countries have dropped. During the last 5 years, shipments to fellow EC members accounted for 74 percent of Italy's seasonal exports, compared with 68 percent for 1961–65.

On the other hand, shipments to the United Kingdom, formerly one of Italy's largest markets, have virtually ceased; Switzerland has increased purchases of Spanish nuts at the expense of the Italians; and Swedish imports of Italian nuts have dropped sharply in the past decade.

Spanish almond production and acreage, in contrast to the Italian situation, have shown a strong upward trend over the past 10 years. Almond production during 1966–70 averaged 34,200 tons a year, which was 13 percent above the 1961–65 yearly average.

A study recently released by the Spanish Government calls for an additional 74,000 acres to be planted to almonds by 1975. The Spanish Ministry of Agriculture is presently doing research to determine the best areas in which to plant the new trees. Improved varieties, many developed in California, are being evaluated by private nurseries and Government experiment stations. Several are now under commercial cultivation.

Spanish almond exports also have increased somewhat during the past 8

This article is based on the publication *The Almond Industries of Italy and Spain*, FAS–M–228, May 1971. Copies of the publication may be obtained from Room 5918, FAS, U.S. Department of Agriculture, Washington, D.C. 20250.

years. Like the Italians, Spanish almond exporters emphasize the distinctive flavor of Mediterranean Basin almonds as well as the ability to make rapid delivery to any point in Europe.

Other European countries have traditionally been Spain's major export market, accounting for 78 percent of exports during 1955–59 and 85 percent during 1964–68. However, Spanish almonds recently have felt the effect of the Common Market.

Although total volume to EC members has not dropped substantially, the EC share of Spanish exports has. In the 1968–69 season, the Common Market accounted for only 37 percent of Spain's exports compared with 49 percent in 1964–65 and 42 percent in 1963–64. In January 1967, the EC levied a common external tariff of 7 percent on all almonds imported from third countries. Almonds were not covered by the 6-year preferential trade agreement signed between Spain and the EC, which went into effect October 1, 1970.

As a result, Spanish almond exporters are looking to Eastern Europe, with its rising standard of living, as a strong potential outlet. The Spanish Government recently signed trade agreements with several East European nations.

To foster increased export sales, Spain offers a partial rebate of the export tax paid on overseas shipments. Since minimum volume regulations must be met if a firm is to qualify, the rebate has, in effect, encouraged small exporting firms to merge, thus facilitating marketing.

Domestic consumption in recent years has been a rapidly growing outlet for Spain's increased almond production. Almonds and almond products are popular in confectionery and pastry products, nougat production, and as snack items in bars and grills. The almond trade hopes to expand the market for small consumer packs of flavored and specialty items not commonly found in Spain today.

The Italian and Spanish industries face rapidly rising costs, as does the U.S. industry. In an effort to offset these costs, the Italian and Spanish trade is turning to plant mechanization and automation.

Modernization by the Italian trade, however, has been severely hampered by the large number and small size of firms handling almonds. Although most of the harvest is shelled and otherwise processed mechanically, it is not economically feasible for small processors to adopt such recent innovations as electric-eye sorters, bulk bin loaders, and automatic baggers.

Spain, on the other hand, is modernizing rapidly. Recent mergers within the almond industry have enabled processing operations to be consolidated. Older, obsolete plants are being replaced by modern facilities. In Alicante, a plant incorporating machinery and techniques as modern as any in the United States will begin operating with the 1971 harvest.

As a result of such modernization and the growing world demand for almonds, particularly in the confectionery trade, commercial world almond production should continue to expand rapidly. Another contributing factor may be recent plantings coming into bearing. Harvests in excess of 215,000 short tons (kernel-weight basis) are expected by 1975. Of this total, Italy, Spain, and the United States will account for 190,000 tons.

A Spanish crop of more than 50,000 tons can be expected by 1975 as almond acreage continues to expand. Almost all new acreage in Spain will be of improved varieties desired in the export trade. Although foreign shipments will continue their mild upward trend, totaling 32,000 tons by 1975, most of the anticipated production increase will be used domestically. Spanish officials think that per capita consumption will rise to 2.04 pounds in 1975 compared with 1.72 pounds in 1968.

Conversely, in Italy, the increased production resulting from improved techniques and new plantings will be offset by acreage taken out of production and lower productivity of aged trees. As a result, Italian production should stabilize at an annual average of 40,000 tons for the next 5 years.

In addition, the recent mild upward trend in Italian almond exports will be reversed, with foreign sales declining slightly in the 1970's. Italian almond exporters will continue to compete in all trade channels but increasing competition from American and Spanish shippers will force them to rely more heavily on the Common Market. However, for the immediate future, slowly rising domestic consumption in Italy is expected to offset the reduction in almond exports.

With the U.S. industry's high quality standards and consistent pricing policy, the United States, in the next few years, should be able to maintain and improve its position as the world's leading almond supplier.

Foreign Food Buyers Meet U.S. Trade at Houston Super Market Institute Convention

Over 400 representatives from 16 foreign countries attended the Overseas Executive Food Buyers Center sponsored by the Foreign Agricultural Service as part of the Super Market Institute (SMI) convention in Houston, May 2–5.

Japan, with 126 representatives, had the largest delegation, followed by Brazil with 115. Other excutives came from Australia, Belgium, Colombia, France, Germany, Ireland, Kuwait, Mexico, the Netherlands, New Zealand, Surinam, Sweden, Switzerland, and Venezuela.

The theme for this year's Center was "New Foods, New Trade Contacts, and New Ideas—For Food Trade Profits." Visitors examined foods on display and evidenced particular interest in poultry, nuts (pecans and filberts), soybeans, rice, and fresh produce.

For the first time a new computerized Trade Referral System was available for use by overseas food buyers. This system contains names and addresses of U.S. food suppliers according to products, as provided by State Departments of Agriculture.

Discussing products and arranging sales with the visitors were members of the Rice Council, the Institute of American Poultry Industries, and Dairy Society International. Also present were representatives from the State Departments of Agriculture of Colorado, Florida, Louisiana, Maryland, Mississippi, Nebraska (Department of Economic Development), North Carolina, Oregon, Pennsylvania, South Carolina, Texas, and Virginia.

Sales were confirmed or in the process of negotiation on several products, including North Carolina poultry, Mississippi soybeans, and Oregon filberts.

Australia's Citrus Crop and Exports At Record Levels, But May Decline

Following a light citrus harvest in 1969–70, Australia produced and exported record amounts of almost all varieties of citrus fruit in 1970–71. However, next year's production is expected to be significantly smaller, and demand for imported grapefruit from the United States and Israel should continue.

Total production of citrus fruits was up 27.7 percent in 1970–71 over the previous year. This was a result of record crops produced in the major inland irrigation districts, particularly along the Murray River. Next year's crop in these inland districts is not expected to be as large. This will be partially offset by a return to more normal production in the coastal areas of New South Wales and Queensland which had a smaller-than-usual crop this year.

Record production in 1970 resulted in citrus exports nearly 20 percent higher than in 1969.

Exports of oranges (two-thirds Valencia and one-third navel) totaled 1.2 million bushels compared to 925,000 bushels the previous year. New Zealand was the major market, taking 490,000 bushels, and nearly 400,000 bushels were shipped to Malaysia/Singapore. Small amounts were shipped to Western Europe, the United States, and Canada.

Exports of grapefruit to the traditional Malaysia/Singapore market dropped sharply as a result of strong demand on the domestic market.

The availability of large quantities of Valencia oranges gave canners the opportunity to build up their juice stocks in anticipation of shorter supplies this coming season. As a result, concentrated orange juice will not be in short supply despite the expected decline in the 1971–72 crop.

However, domestic suppliers have been unable to furnish adequate quantities of grapefruit for juice, though the minimum factory price has increased from $51 to $67 a ton. In spite of a considerable carryover of grapefruit juice, imports will again be necessary this year, though somewhat smaller than last year.

Australia is a net exporter of all citrus fruits except grapefruit, which must be imported during the off-season to meet consumer demand. Imports of grapefruit from January to March 1970 totaled about 31,000 bushels, supplied mainly by the United States.

This year imports are likely to reach 45,000 bushels, but most of this will be supplied by Israel. Although landed cost of Israeli and U.S. grapefruit is about the same, the Israeli fruit is of such high quality that California fruit sells at a substantial discount in the markets. If U.S. exporters are to regain their share of the market, increased emphasis must be given not only to quality but to presentation as well.

Report on Australian Wheat Crop Quality

The Bread Research Institute of Australia recently completed its annual assessment of the quality of Australia's 1970–71 wheat crop. Although the volume of hard wheat produced this season was limited, the protein content for both New South Wales Prime Hard and Northern Hard wheats compared quite favorably with the previous season's. South Australian Hard wheat has a much higher protein content this year than it had in 1969–70.

Queensland Prime Hard and Hard wheats also had good protein content; but the crop was so reduced by drought that none will be available for export in the current marketing year, according to recent reports.

In Western Australia, the 1970–71 Fair Average Quality sample showed a significantly lower protein content than last season, but it is still above the average of the past several years.

Japanese To Reduce Imports of Grain

The Japanese Government plans to reduce wheat and barley imports during that country's current fiscal year—April 1971–March 1972. Wheat imports will be cut by 207,000 metric tons. This will result in current-year wheat imports of 4.5 million metric tons compared with 4.7 million tons last year. Barley imports are to be reduced—from last year's 885,000 metric tons to 770,000 metric tons.

The entire reduction in wheat imports is in the food account and is related to a softening of demand for wheat flour and the expectation of a larger domestic wheat crop. According to the Japanese plan, soft wheat purchases will decrease 201,000 tons, semi-hard will increase 21,000 tons, and hard will decline 50,000 tons.

Wheat imports for feed purposes are expected to remain at about last year's level of 1.3 million tons.

Ocean Freight Rates Continue To Slide

Dry cargo tramp ocean freight rates started a downward trend in December 1970 and have continued to slide. This is despite the 10-year peak of rates hit just 3 months earlier. The decline has most severely hit vessels in excess of 40,000 deadweight tons.

Brokers in the Baltic Exchange—a major chartering center—believe that the decline in time charter and regular rates is likely to continue through the next quarter and possibly through the end of 1971.

The accompanying table shows average grain cargo rates from the high point of September 1970 to April 1971.

COMPARISON OF AVERAGE GRAIN FREIGHT RATES

Shipping points	September 1970	December 1970	April 1971
	Dol. per metric ton	*Dol. per metric ton*	*Dol. per metric ton*
U.S. gulf ports to:			
Japan	15.50	9.00	6.40
Rotterdam	8.95	5.90	4.10
Argentine Plate River ports to:			
Japan	19.70	11.00	11.00
Rotterdam	12.75	9.10	8.00

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 26	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba ..	1.89	0	2.00
USSR SKS-14	1.89	0	(1)
Australian FAQ	1.78	−4	1.70
U.S. No. 2 Dark Northern Spring:			
14 percent	1.87	0	1.91
15 percent	1.92	0	1.99
U.S. No. 2 Hard Winter:			
13.5 percent	1.88	−2	1.88
No. 3 Hard Amber Durum ..	1.79	0	1.93
Argentine	(1)	(1)	1.82
U.S. No. 2 Soft Red Winter..	1.74	−3	1.77
Feedgrains:			
U.S. No. 3 Yellow corn	1.66	+2	1.66
Argentine Plate corn	1.71	+2	1.73
U.S. No. 2 sorghum	1.46	+2	1.43
Argentine-Granifero sorghum	1.44	0	1.42
U.S. No. 3 Feed barley	1.20	+1	1.07
Soybeans:			
U.S. No. 2 Yellow	3.37	+7	3.15
EC import levies:			
Wheat (Aug.)	1.40	−18	1.40
Corn [2] (Aug.)	.74	−12	.73
Sorghum [2] (Aug.)	.96	−4	.85

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Fats, Oils, and Oilseeds

Buenos Aires Tung Oil Exports Rise

Exports of tung oil from Buenos Aires during January–March 1971 amounted to 21 million pounds—more than double the 10.3 million pounds shipped in the same 3 months last year.

The increase is due to a sharp rise in the 1970–71 tung oil output of both Argentina and Paraguay.

The United States—the world's leading importer of tung oil—is purchasing a smaller share of total Buenos Aires shipments this year despite a considerable reduction in price. This price decline reflects a relatively inelastic U.S. demand, which has been about static at roughly 30 million pounds per year for the past few years.

Tung oil production from 1971-crop nuts in both Argentina and Paraguay will decline substantially. This decline will result in reduced exports from Buenos Aires during the August 1971–July 1972 period.

TUNG OIL TRADE AND PRICES

Calendar year	Exports from Buenos Aires [1]	U.S. imports	U.S. share of Buenos Aires exports	Price per pound [2]
	Million pounds	*Million pounds*	*Percent*	*Cents*
1965	35.6	22.6	63	25.8
1966	50.4	29.8	59	21.0
1967	79.5	19.3	24	14.4
1968	58.1	15.7	27	11.8
1969	73.0	21.8	30	15.1
1970	44.7	18.2	41	22.3
Jan.-Mar.:				
1970	10.3	4.9	48	23.1
1971	21.0	4.9	23	16.1

[1] *Boletín Marítimo;* presume that virtually all tung oils exported from Argentina and Paraguay go through Buenos Aires. [2] Imported, tanks, New York.

Ivory Coast Palm Oil Output Expands

In 1971 palm oil production in the Ivory Coast is expected to continue expanding—to 50,000 metric tons, compared with 33,400 tons in 1970 and 21,400 tons in 1969. These estimates exclude the production from wild palm trees, which is estimated to range between 15,000 and 18,000 tons annually.

The increase in output reflects a sharp expansion in plantation acreage. Further substantial expansion in this acreage is anticipated during the 1970's, and total oil palm plantation acreage could approximate 250,000 acres by 1975. The expansion is expected to result in annual production of

IVORY COAST OIL PALM ACREAGE, YIELD, AND PRODUCTION

Year	Area [1]		Yield	Production on plantations [2]	Net exports
	Planted	Harvested			
	1,000 acres	*1,000 acres*	*Tons per acre*	*1,000 Metric tons*	*1,000 metric tons*
1965	46.1	16.0	0.61	9.8	0
1966	69.3	19.2	.51	9.7	— 4
1967	98.7	24.7	.52	12.8	— 1
1968	127.1	32.9	.43	14.0	— 2
1969	149.9	57.4	.37	21.4	2
1970	165.0	85.0	.39	33.4	12
1971 [3]	180.0	110.0	.44	50.0	28

[1] Plantation area only.
[2] Excludes production from wild oil palms, which is estimated at 15,000-18,000 tons annually.
[3] Forecast.

roughly 280,000 tons of palm oil and 75,000 tons of palm kernels annually by 1980. The bulk of the anticipated production would be available for export.

Palm oil exports from the Ivory Coast in 1970 are estimated at 12,000 tons. This marked the beginning of what is expected to be a major long-term expansion in palm oil exports. Exports in 1971 are forecast at approximately 28,000 tons.

Philippine Coconut Exports Increase

Philippine exports of coconut products (copra, coconut oil, and desiccated coconut) in January–March this year amounted to 295,800 long tons, copra basis—nearly double the volume exported for the same 3 months in 1970.

The first-quarter total was exceptionally large for the following reasons:

- Stocks were apparently drawn down in that quarter. Philippine exports of coconut products have in recent years accounted for about 85 percent of commercial coconut production, on an oil basis. In January–March, these exports represented virtually all of the commercial coconut production. This allowed nothing for domestic consumption, which is believed to be relatively stable at roughly 10,000 tons per month.
- Several major coconut-producing areas were hit by typhoons late in 1970, which probably caused a premature bulge in copra production from windfallen nuts. Harvesting these immature nuts is resulting in an abnormal seasonal export pattern, with some loss in total output.
- Exports during the first quarter in recent years have averaged only 21.2 percent of the annual total, largely because of the seasonal rainfall pattern. However, increasing coconut production in Mindanao (where rainfall shows less seasonal fluctuation), together with gradual declines in many northern producing areas, is expected to result in less monthly export fluctuation in the future.

Philippine coconut exports in calendar 1971 are expected to increase about 15 percent—perhaps by nearly 150,000 long tons, copra basis, or about 96,000 tons, oil basis.

The anticipated increase in exports is due to improved rainfall, which had been below normal and had adversely affected coconut exports since March 1968. The long-term moisture cycle "bottomed out" in early 1970, and more plentiful rainfall since then should contribute to improved exports from June onward. Cumulative monthly rainfall, weighted by major producing areas and lagged to the 15th month to correspond with exports, indicates that calendar 1971 rainfall will be 11 percent above the long-term average, compared with significantly below-normal rainfall since 1967.

Long-term average weighted rainfall data indicate a relatively close correspondence with exports when lagged 15 months on a quarterly basis, as follows (percentages represent share of year total):

Period	Rainfall, 1962-69 average	Period	Exports 1962-69 average	Exports 1969	Exports 1970
	Percent		*Percent*	*Percent*	*Percent*
Nov.-June	21.5	Jan.-Mar.	21.2	24.0	14.6
Feb.-Sept.	21.7	Apr.-June	21.0	21.5	20.6
May-Dec.	28.5	July-Sept.	29.0	30.0	33.2
Aug.-Mar.	28.3	Oct.-Dec.	28.8	24.5	31.6

PHILIPPINE COCONUT EXPORTS

Item	1969	1970	January-March 1970	January-March 1971
	1,000 long tons	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*
Exports:				
Copra	549.0	413.4	62.5	123.9
Coconut oil	210.7	329.3	46.3	96.0
Desiccated coconut	49.5	58.0	11.7	16.8
Copra meal	175.0	237.7	34.4	52.9
Copra equivalent of exports:				
Copra, coconut meal, & desiccated coconut	1,113.4	1,167.9	176.0	296.9
Copra, coconut oil, & desiccated coconut	942.6	1,003.3	150.0	295.8
Residual [1]	170.8	164.6	26.0	1.1
	Percent	*Percent*	*Percent*	*Percent*
Residual as share of total exports	15.3	14.1	14.8	.4

[1] Retained for domestic crushing and net changes in stocks. Compiled from shipments data—Association of International Shipping Lines and other sources.

Dairy and Poultry

Swiss Poultry Meat Imports Up Slightly

Swiss imports of poultry meat in 1970 were up only slightly to 24,916 metric tons from 24,204 tons in 1969. The U.S. share, mainly broilers, dropped to 5,975 tons, compared with 7,067 tons the previous year. Hungary was the main supplier of poultry meat, increasing its share of the market to 6,595 tons from 4,099 tons in 1969. Substantially lower prices for grillers largely accounted for Hungary's larger sales. Imports from France also were up, while purchases from the Netherlands and Denmark were down.

Principal suppliers of poultry meat in 1970 and 1969 were as follows (quantities are in metric tons):

Country	1969	1970
United States	7,067	5,975
Hungary	4,099	6,595
France	3,616	4,305
Netherlands	3,821	2,970
Denmark	3,381	2,754

Total domestic production of poultry meat in 1970 was placed at 16,800 tons, dressed weight, compared with 15,500 tons in 1969 and 13,500 tons in 1966. Broiler production last year was estimated at 13,400 tons, up 6 percent from the 1969 output.

Egg production again increased substantially from 690 million to an estimated 744 million. Reportedly, Swiss egg producers are experiencing operating difficulties due to a cost-price squeeze.

The average producer price for eggs dropped during the year from Sw Fr19.26 per hundred (52.9 cents per dozen) to Sw Fr17.68 (48.6 cents). The egg surplus situation in most of Europe contributed to this problem. Imports of shell eggs increased by 6 percent over the 1969 level to 423 million. Frozen and dried egg imports were 6,615 tons and 916 tons, respectively. U.S. exports of dried eggs to Switzerland totaled 141,261 pounds last year, up slightly from the level of the year before. U.S. shipments of shell eggs and other egg prod-

ucts to Switzerland were negligible.

The outlook is for domestic poultry meat production to increase further. Stronger competition for the total market is expected from East European countries, particularly from Hungary. New products, such as turkey cutlets and minced chicken meat, for institutional use and in consumer packs, will probably be introduced on a larger scale. The main suppliers of these products now are France and Denmark. U.S. exports should be able to compete favorably in this market.

High New Zealand Butter Price

On May 3 the New Zealand Dairy Board raised the price of New Zealand butter on the London market to £420 per long ton (45 U.S. cents per pound, wholesale), an increase of £50 (US$120) per ton or 5.36 cents per pound. This is the highest price for New Zealand butter since late 1959 and early 1960. Thus the British consumer will have to pay over 50 cents per pound retail for New Zealand's finest butter for the first time in over a decade.

The May 3 price increase followed the April 29 action of the U.S. Government in "supplementing" the butter quota arrangement by announcing open individual licensing. Licenses may be issued to importers who can show that they have firm offers of supplies for sale and use within Britain. The open licensing system will apply to butter imported prior to July 1, 1971. The annual country quota arrangement announced on last March 17, authorizing imports of 420,000 long tons of butter under quotas for the marketing or quota year 1971–72, will continue unchanged.

The objective of the open licensing arrangement was to give traders access to any supplies that might be currently available and that might not come forward under the normal quota arrangement. Under these conditions butter may be imported from any source except Southern Rhodesia.

Australian Poultry and Egg Output Grows

Production of poultry meat in Australia in 1970 totaled 297 million pounds, 17 percent above that of 1969.

Chicken meat, mainly broilers, is by far the most important poultry meat produced. However, turkey meat production increased from 6 million pounds in 1966 to 13 million pounds in 1970.

Australian poultry meat production is now virtually all commercial. Actual consumption of poultry meat rose from 11.5 pounds per person in 1965 to 23 pounds in 1970, mainly because of a reduction in poultry prices, both in relation to previous levies and in relation to the price of red meats.

Recorded commercial egg production in 1970 rose to 183 million dozen, up 11 percent from the 1969 level and 40 percent above that of 1966. Per capita consumption of shell eggs in 1970 was estimated at 121 per person. Additional eggs are consumed in the form of egg products. However, consumption has not kept pace with production, causing a surplus that must be exported, mainly in the form of egg products, at prices well below domestic prices.

Australia is one of the world's leading exporters of egg products. The quantity of eggs packed for export in all forms increased from 17 million dozen (shell egg basis) in 1966 to 40.5 million dozen in 1970, or 138 percent. The 1970 quantity represents over 22 percent of domestic production. About 90 percent of all exports are egg products.

Egg producers must pay a levy equivalent to US$1.12 per bird on laying flocks (over 20 head owned) plus a levy on all eggs and egg products exported under the Egg Export Charges Act. Maximum rates as specified in the Act are 12.5 Australian cents (A$1=US$1.12) per case of 30 dozen for shell eggs and 0.5–3 cents per pound on egg products.

Imports of both eggs and poultry meat are restricted by health and quarantine regulations and are very small.

AUSTRALIAN EXPORTS OF EGGS, EGG PRODUCTS, AND POULTRY MEAT

Item	1969	1970
Dried eggs .....pounds..	64,443	151,651
Egg albumen, dried .....do....	168	1,702,277
Eggs, liquid and frozen .....do....	35,384,852	42,148,011
Egg albumen, liquid and frozen...do....	3,081,952	5,020,745
Eggs in shell ..... dozen ..	4,903,959	4,083,780
Live poultry .....number..	5,196	46,882
Day-old chicks .....do....	226,974	367,418
Dressed turkey .....pounds..	52,432	104,573
Poultry liver .....do....	378,700	567,291
Dressed chickens .....do....	2,782,102	3,543,713
Other dressed poultry .....do....	335,929	655,375

Crisis in Mexican Egg Market

In view of the current crisis in the Mexican egg market, resulting from excess supplies and low prices, a number of poultry associations recently requested the intervention of President Echeverría to—

- Close the border to egg imports from the United States. Reportedly, this would enable the consumption of an additional 2,000 cases (30 dozen per case) of domestic eggs daily in the free zones and border areas—the only areas still open to U.S. eggs.
- Have CONASUPO (the Government agency that often makes direct purchases of basic foodstuffs) purchase surplus eggs for dehydration and export.
- Establish Government regulations and planning for the poultry industry.

In recent weeks egg prices have fallen to new lows. On April 2, wholesale prices of eggs in Mexico City were quoted at 5.50 pesos per kilogram (about 32 cents per dozen) from Sonora and 5.40 pesos per kilogram from Nuevo León. The low part of the egg price cycle historically is the May–August period. With no immediate end to the current oversupply in sight, lower prices are expected in the next 4 months. This, depending on the price relationship of Mexican–U.S. eggs, could lead to further egg shipments to the United States. In 1970, U.S. imports of eggs from Mexico were only 18,300 dozen, but they totaled 128,575 dozen during January–March of this year.

While it is difficult to assess the impact that the proposed actions might have on the domestic Mexican situation, it would appear that the future for U.S. egg sales in the border areas is threatened. In 1970, U.S. exports of table eggs to Mexico totaled 310,346 dozen, and they amounted to 67,269 dozen during the first 3 months of this year.

Even if the border remains open, competitively priced eggs are available in both Sonora and Nuevo León, the two largest producing areas. In addition, the Mexican Government recently announced that a transportation subsidy of between 25 and 50 percent will be available on shipments of food products to the border and free zone areas.

Fruits, Nuts, and Vegetables

Record Spanish Hop Crop

Spain's 1970 hop production totaled a record 3,274,000 pounds, 25 percent above the previous year and 18 percent over the 1964–68 average. Favorable weather conditions and higher yields resulting from improved cultural procedures (including more irrigation) are major reasons for the rise.

During the 1970–71 season, there has been an unexpected, steep upswing in demand for hops. During the first 4 months (September-December), imports of whole hops totaled 424 short tons while extract imports amounted to 18 tons. This compares with 258 tons of whole hops and 10 tons of extract imported during the corresponding period a year ago.

During this 4-month period, the United States was the leading supplier of hop extract, accounting for 9 of the 18 tons imported. During the same period West Germany and Czechoslovakia were the leading suppliers of whole hops; no shipments were registered from the United States.

Overseas purchases are expected to continue at high levels for the remainder of the 1970–71 marketing season.

1971 South African Hop Production Up

South Africa's 1971 hops harvest has been placed at 180,000 pounds, 3 percent above last season's revised total of 175,000 pounds.

Imports totaled 689,195 pounds in calendar 1970, of which 128,350 pounds were packaged for retail sale. Australia and Czechoslovakia were the main suppliers of bulk hops, with the United States supplying only 3,681 pounds. However, the United States was the sole supplier of the 128,350 pounds of hops packaged for retail sale. 1971 imports are forecast at 900,000 pounds.

SUPPLY AND DISTRIBUTION OF SOUTH AFRICAN HOPS

Item	1968	1969	1970 [1]	1971 [2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beginning stocks (Jan. 1)	238	134	147	46
Production	130	170	175	180
Imports	584	795	689	900
Total supply	952	1,099	1,011	1,126
Domestic disappearance	818	952	965	1,010
Ending stocks (Dec. 31)	134	147	46	116
Total distribution	952	1,099	1,011	1,126

[1] Revised. [2] Preliminary.

Frost Damages Greek Almond Crop

Spokesmen for the Greek trade indicate that frost damage has severely reduced the potential of the 1971 almond crop. Currently, 1971 production is forecasted at 8,500 short tons (shelled basis), 6 percent below the 1970 harvest and 25 percent under the potential.

During the 1970 season (April–March), Greek domestic consumption totaled 9,400 short tons (8,800 tons domestic and 600 tons imported). Because of the lower anticipated production in the 1971 season, import requirements for the current season are estimated at 1,100–1,700 tons. The Greek trade has expressed interest in importing U.S. almonds.

South African Dried Fruit Crop Down

South Africa reports that unfavorable weather reduced the 1971 dried fruit crop to 18,700 short tons, 9 percent below 1970's crop. Raisin production totaled 13,000 tons, 800 tons below last season's.

Dried fruit exports totaled 9,500 tons in 1970, 28 percent below the 1969 level of 13,200 tons. Raisins (8,200 tons), apricots (600 tons), and peaches (500 tons) were the major commodities in the export market.

SOUTH AFRICAN PRODUCTION OF DRIED FRUIT

Commodity	1969	1970	1971 [1]
	1,000 short tons	*1,000 short tons*	*1,000 Short tons*
Raisins	18.4	13.8	13.0
Prunes	2.6	1.9	1.7
Peaches	1.8	1.9	1.5
Apricots	1.2	1.1	1.0
Other	2.7	1.6	1.5
Total	26.7	20.3	18.7

[1] Estimated.

Sugar and Tropical Products

Australia Uses More Molasses as Feed

Use of molasses for stock feed in Australia has increased more than 10 percent per year for the past 3 years, reaching 93,820 long tons in 1970.

The sugar industry is required by the Commonwealth Government to maintain stocks of molasses for stock feed. These stocks have a base of 25,000 tons during the season.

At a recent beef cattle symposium in northern New South Wales near the Queensland border, great emphasis was put on the use of molasses as stock feed. The thinking of panel specialists was that this type of feeding should no longer be only a drought measure but should be incorporated into normal management procedures for the best economic gains.

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U.S. DEPARTMENT OF AGRICULTURE
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U.S. Radishes Compete Successfully for Dutch Market

Shipped to the Netherlands for the first time in 1967, U.S. radishes have now taken over a large part of that market. U.S. radishes, efficiently grown on specialized farms, have competed successfully with the local product in spite of transportation costs and import duties.

Most of the U.S. radishes sold in the Netherlands are produced on eight large Florida farms which total about 11,000 acres. Climatic conditions usually enable these mechanized farms to produce five crops of red radishes each year.

It costs these U.S. farmers 3.5 cents to produce a 6-ounce bag of radishes. Transportation to the Netherlands adds an additional 2.5 cents while import duties account for another cent. Since the producer normally makes only about one-third of a cent profit on each bag, he can sell a 6-ounce bag of radishes in the Netherlands for less than 8 cents. Auction prices for Dutch-grown radishes have been consistently higher and reached as much as 15.5 cents a 7-ounce bag in March 1970.

Dutch radishes are competitive in cost only when their price is extremely low, and U.S. exporters can normally expect to make a profit on the Dutch market. As a result, U.S. radish exports to the Netherlands have expanded rapidly. In 1967 the total was only 55 metric tons. This grew 500 percent to 325 metric tons in 1968 and reached almost 1,200 metric tons in 1970.

However, because of the 14 days required to ship radishes to the Netherlands, Dutch consumers find the local product to be of higher quality. When the price differential is not excessively large, they prefer to buy the fresher product which they also consider spicier and tastier. Therefore, the major export season for U.S. radishes is from September to May, peaking from December to April, when Dutch production is small.

U.S. producers normally pack 6-ounce bags of radishes in 11-pound cartons and ship them in containers holding 2,600 cartons. However, some are packaged in the Netherlands.

U.S. producers find the Netherlands market especially attractive since they are vulnerable to minor changes on the U.S. market. Although the profit to big producers in a good year is quite large, it can easily be wiped out by the difference of less than a cent in the domestic selling price per bag. In addition, radishes are very sensitive to weather fluctuations and may suffer a decline in quality or be totally lost because of too much rain or low temperatures.

Kenya's Pyrethrum Production Declines

Extremely low pyrethrum production prevented Kenya from meeting its sales commitments in 1970, according to Kenya's Pyrethrum Marketing Board. The drop in production resulted from both adverse weather conditions and the introduction of competitive crops in some predominantly pyrethrum-growing areas.

In 1969–70, pyrethrum deliveries to the Board amounted to 5,910 tons of dried flowers, representing only 49.3 percent of licensed quotas allocated to producers, and the Board was able to fill only about 40 percent of its sales commitments. The United States is a major market for pyrethrum extract from Kenya.

Growing restrictions on the use of synthetic insecticides in many industrial countries and the relatively safe use of pyrethrum have generated a considerable new demand for pyrethrum. As a result, orders amounted to over 12,000 tons in the 1969–70 crop season, and further increases in pyrethrum production are expected to occur during the next 2 or 3 years.

In response to the demand for pyrethrum extract, the dried pyrethrum flower price was increased 13 percent; this price is guaranteed for 3 years.

Deliveries during the first 3 months of 1970–71 increased by 50 percent over the previous year's output. One of the problems facing the industry, however, is the low productivity of small-scale producers. In contrast to yields of 660–1100 pounds of dried flowers an acre on large-scale farms the yield on small-scale farms ranges between 110 and 330 pounds an acre.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1971 431-898/47